

Hind Zinc's Vedanta mines-buy plan fails with no minority shareholder nod

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Hindustan Zinc's bid to acquire Vedanta's overseas zinc mines has fallen through in the absence of nod from the minority shareholder and the offer period lapsing.

The country's largest zinc miner would need to return to the drawing board, and come up with a fresh proposal if it is to revive its acquisition plans, said senior government officials aware of the developments, said. Hindustan Zinc is a Vedanta subsidiary.

Since Indian laws mandate that related party transactions are to be cleared by majority of minority shareholders, and the Centre had objected to the deal, Hindustan Zinc didn't have the requisite majority. The Centre owns 29.54 per cent stake in the company,

● BACK TO DRAWING BOARD

Hindustan Zinc would have to come up with a fresh proposal if it wants to revive its acquisition plans

while Vedanta has a 64.9 per cent holding.

According to those in the know, three months had lapsed since the Hindustan Zinc board passed a resolution to acquire Vedanta's overseas zinc assets for \$3 billion. With the FY23 ended, under the Companies Act, a fresh proposal has to be drafted and presented to the board and shareholders for approval.

"The company needs to start from the scratch, which means re-doing the valuation of Vedanta's zinc mines, and

then proceeding with all other processes. In short, the offer for acquisition has lapsed," those in the know told *businessline*.

In a stock exchange submission in January, Hindustan Zinc offered Vedanta nearly \$3 billion in cash to acquire THL Zinc Ltd, Mauritius. However, the Mines Ministry — the minority shareholder — had objected to the deal.

Ministry members, who are also Hindustan Zinc directors, had reportedly raised objections to the plan at the board meeting, too, on grounds that it was an all-cash buy and the valuation was too high.

OVERSEAS ACQUISITION

Hindustan Zinc continues to look for overseas assets. Sources say with zinc prices plummeting, "overseas assets" could come up at lower prices.